



Southerly Point  
Co-operative  
Multi-Academy Trust

## Southernly Point Co-operative Multi-Academy Trust

# EMPLOYER DISCRETIONS POLICY

### Local Government Pension Scheme (LGPS) 2014

#### Equality Impact Assessment

The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.*	✓
The EIA has not identified any conflict with the Trust's co-operative values and the Church Schools' values.	✓
Adjust the policy to remove barriers identified by the EIA or better promote equality.	✓

\*Inclusive of protected characteristics

Provenance	Date
Working Party	
HR checks	
Union Consultation	
Trustees' Ratification	<b>Mar 2018</b>
Implementation	<b>May 2018</b>

Review Date
<b>April 2021</b>

<b>To be read in conjunction with:</b>	<b>Support Staff Pay Policy</b> <b>Teacher Pay Policy</b>
--	--

**Self Help** **Self Responsibility** **Equity** **Equality** **Democracy** **Solidarity**  
**Social Responsibility** **Honesty** **Openness** **Caring for Others**

## **Southerly Point Co-operative Multi-Academy Trust EMPLOYER DISCRETIONS POLICY**

### **Introduction**

This document sets out Southerly Point Co-operative Multi-Academy Trust's policy in exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

The default position is that it will not make additional pension contributions. However, exceptionally, where it is in the financial interests of the Trust to do so, and there is a tangible and specific organisational benefit, the policy allows for the payment of discretionary benefits in cases of early retirement and the award of additional pension.

The policy also provides for early retirement on compassionate grounds in exceptional circumstances and flexible retirement where there is a benefit to the Trust.

Finally, the policy authorises the Pensions Manager to extend the 12-month limit for allowing active members to transfer benefits from previous pensionable employment into the Pension Fund where it is determined that maladministration has occurred.

Who needs to be aware of this Policy:

- Southerly Point Co-operative Multi-Academy Trust employees
- Green Book Trade Unions
- Cornwall Pension Fund administering authority

### **Context**

The policy satisfies the requirement to formulate, publish and keep under review a policy statement to take account of the new discretions under the LGPS 2014.

### **Background**

The policy is needed to explain whether, and in what circumstances, the Trust will exercise any of its discretions under the Local Government Pension Scheme 2014, and to set out the approval process for decision making.

### **Objectives**

The policy is intended to set out the policy position and clarify the limited circumstances and related approval process, where the Trust might exercise its discretions under the LGPS 2014 in favour of the employee.

The exercise of any of the available discretions in favour of an employee will fix the Trust with additional pension costs.

The default position is that the Trust will not grant additional pension benefits under the LGPS 2014 except where it is essential to do so in order to facilitate a tangible and specific organisational benefit, and the additional pension costs are recovered within a two-year period or where the Trust considers it appropriate to exercise its discretion on compassionate grounds.

### **Scope**

The Policy covers all Southerly Point Co-operative Multi-Academy Trust employees who are members of the Local Government Pension Scheme. Any discretionary pension agreement must be signed off by the Finance and Resources Committee or, where a significant cost will be incurred, by the full Trust Board. However, the relevant governing body is responsible for meeting any costs in accordance with this policy.

### **Details**

Policy Details

#### **1. Shared Cost Additional Voluntary Contributions (AVC) (Regulation 17)**

AVCs allow any active employee to increase their main scheme benefits by making regular monthly payments direct from their salary to an insurance policy the pension fund currently holds with Standard Life. These payments accumulate and are payable in the form of a pension and lump sum, along with

the main LGPS benefits when the employee retires. The Trust's policy is not to contribute to an employee's AVC.

**2. Early Payment of Retirement Benefits – Waiving Actuarial Reduction (Regulation 30 (8) )**

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. Whilst the default position is that the pension benefits payable will be subject to an actuarial reduction, the Trust may elect to waive any actuarial reduction for early retirement where a financial saving can be achieved within two years, and there is a benefit to the Trust or in accordance with item 4 below (early retirement on compassionate grounds).

The CEO will consult with the Chief Financial Officer and the Headteacher of the affected school responsible for the budget from which any additional costs are to be met prior to referral to the Finance and Resources Committee.

**3. Early Payment of Retirement Benefits between aged 55 and 60 – Transitional Provisions Regulations**

Prior to the LGPS 2014, where an employee's age and length of service totalled 85 (known as the '85-Year Rule'), they could retire with unreduced benefits with the consent of the employer. As the decision to retire early now rests entirely with the employee, the LGPS 2014 Regulations automatically provide for the 85-Year Rule to be 'switched off' resulting in a reduction to all the employee's benefits. This, of course, means there is no additional cost to the employer.

The Trust will not 'switch on' the 85-Year Rule for early retirement unless a financial saving can be achieved within two years, and there is a benefit to the Trust.

The CEO will consult with the Chief Financial Officer and the Headteacher of the affected school responsible for the budget from which any additional costs are to be met prior to referral to the Finance and Resources Committee.

**4. Early Retirement on Compassionate Grounds (Regulation 30 (5) )**

The Trust may permit early retirement on compassionate grounds in exceptional circumstances. These circumstances might include extreme financial hardship or the need to give up work in order to provide constant care for an immediate family member.

The CEO will consult with the Chief Financial Officer and the Headteacher of the affected school responsible for the budget from which any additional costs are to be met prior to referral to the Finance and Resources Committee.

**5. Flexible Retirement (Regulation 30 (6) )**

The Trust permits flexible retirement only where there is a benefit to the Trust (either financial or operational), and where an employee's reduced level of earnings, together with his or her pension, does not exceed his or her pre-retirement earnings.

The Trust will not waive any actuarial reduction to an employee's pension benefits in these circumstances.

Any pension costs incurred by the employee's service must be recovered within a period of no more than two years.

The CEO will consult with the Chief Financial Officer and the Headteacher of the affected school responsible for the budget from which any additional costs are to be met prior to referral to the Finance and Resources Committee.

**6. Increase of Pension by Employer (Regulation 31)**

The award of additional pension is not granted except when it is essential to do so in order to facilitate a tangible and specific organisational benefit.

The CEO will consult with the Chief Finance Officer and the Headteacher of the affected school responsible for the budget from which any additional costs are to be met prior to referral to the Finance and Resources Committee.

**7. Transfer of Service into the LGPS (Regulation 100)**

The Pensions Administration Manager is authorised to extend the 12-month time limit for allowing active members to transfer benefits from previous pensionable employment into the Cornwall Pension

Fund, where it is determined that maladministration has occurred as a result of affected employees not having been given any or sufficient details about the pension scheme or transfer option.

### **Management**

#### **Policy Management**

The Trustees are responsible for implementing and managing the Policy.

#### **Breaches and non-compliance**

Breaches of the policy may be dealt with under the Trust's disciplinary procedure.

#### **How the impact of the Policy will be measured**

The Trust will be able to monitor the additional pension costs created by the application of the policy compared with the impact of the policy on service delivery (which will be more difficult to measure).

#### **Evaluation and review**

The policy will be reviewed within 12 months following implementation.